



cc POU

Prime Minister

LOCAL GOVERNMENT FINANCE BILL: LORDS AMENDMENTS

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I was grateful for your early agreement to the package of proposals in my minute of 7 July.

Yesterday, John Belstead and Bertie Denham came to see me about the tactics we proposed for the handling of the amendments on rebates for the disabled and on charities. They accepted that the amendment on the disabled would have to be reversed in the Commons but they were worried by the proposal that we should also be planning an amendment in lieu of any amendment we might lose on Third Reading on rate relief for charities. Their concern was that we would be taking on the two most powerful lobbies in the House of Lords at the same time. Their advice to me was that, if the Government had a concession to give, I should try to secure agreement on it before Third Reading.

I therefore met a group of Conservative backbenchers last night including John Boyd Carpenter, David Renton, Emily Blatch and Leonard Wolfson. I put to them two options: either we would maintain the present 50:50 split between mandatory and discretionary relief but arrange for 80% of the cost of any discretionary relief to be carried on the NNDR pool; or we would increase the level of mandatory relief to 75% but leave any discretionary relief to be carried by local chargepayers.

After a long discussion it was clear that they were focusing on an increase in the mandatory relief and that no deal would be available if 75% was the maximum figure available. On the other hand I was given a clear indication that a deal at 80% was possible. The extra cost of that additional 5% would be £7m more making the total cost of the concession £55m, which is equivalent to 0.7% on the uniform business rate or £1.60p on community charges. On balance I think this is a cost worth meeting to

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they
keep
underneath



secure passage of the Bill before the recess which is highly desirable for us and essential for the Scots who must have their additional powers in place in time for implementation in April next year. I have put these points to John Major and I understand he would be content.

If we, in the event, have to go this far (and we may not)
I should be grateful for colleagues agreement to this small further improvement to the concession we have already agreed. If this is acceptable I would not propose to table a Government amendment but to accept an amendment from Lord Allen of Abbeydale which has already been tabled to this effect.

I am copying this to the members of E(LF) and to the Lord Privy Seal, the Chief Whips, Commons and Lords, and to Sir Robin Butler.

N R

12 July 1988

LOCAL GOVT: ROME PTD



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